

RECONCILIATION WITH COSTS IN THE FINANCIAL STATEMENTS

The SBA reports its costs to accomplish the Agency's strategic objectives along with the performance results for these objectives. These "strategic" costs include the credit subsidy costs for loan approvals made in the SBA's Business and Disaster programs during FY 2005. The SBA, in order to minimize the complexity of its performance results and related costs, has not included the additional credit subsidy costs determined during FY 2005 applicable to prior year loan approvals. Also, Business and Disaster loan administrative expenses are "double counted" in the Combined Statement of Budgetary Resources (CSBR) in order to comply with Federal reporting requirements. Finally, certain program expenses and non-"strategic" costs are not included in costs reported for the SBA's strategic goals. A reconciliation of the costs reported for Strategic Goals in this report with "budgetary obligations incurred" in the CSBR in this report follows.

Costs	FY 2005 (\$ in thousands)
Total budgetary obligations reported in FY 2005	\$3,853,665
Less: Credit subsidy reestimates for prior year approvals—Business	(\$1,906,419)
Less: Credit subsidy reestimates for prior year approvals—Disaster	(\$336,586)
Less: Non-"strategic" costs not included (Congressional grants, OIG, other)	(\$67,376)
Less: Business loan administrative costs	(\$125,065)
Less: Disaster loan administrative costs	(\$539,222)
Less: Other program expense (SBG, Loan liquidating funds)	(\$35,018)
Less: Credit program subsidy cost—Adjust prior years	(\$6,832)
Equals - Costs reported for the SBA strategic goals in following chart	\$837,147